

Mr. Kennard has stopped expanding his businesses and is considering transferring shares of his business to his children now rather than wait until his death. He would like to invest in insurance and put some of his money back into the business, but it doesn't make sense when his family will have to pay exorbitant taxes on any new appreciation. In fact, Mr. Kennard may have to liquidate one or two of his businesses in order to pay the death tax on the remaining businesses.

The tax refund bill would provide relief by lowering the 5-percent surtax on estates and replace the unified credit with the unified exemption of \$1.5 million. We would ultimately be rid of the death tax altogether. It is something we should do. It is something we have within our power to do. We have passed it. We will send it to the President. It is our hope, still, that the President will change his mind and not veto this very important legislation.

There are many other important provisions in the bill as well. People say: Why spend your time on tax relief when the President said he is going to veto it? Because it is important, because it is the right thing to do, because our responsibility to our constituents is not what the President may or may not do. I recall well my early years in the House when we passed welfare reform and had to send it to the President not once, not twice, but three times, before the President finally decided the American people wanted welfare reform. He signed an important piece of reform legislation that has transformed welfare in this country and cut the rolls in half in State after State, including my home State of Arkansas.

I hope the President will reconsider, and I hope the American people will let us and the administration know how important tax relief is. When they understand what is in it, they do support it. In 27 counties in Arkansas, I did hear some concerns, primarily because of the myths that have been perpetrated about this tax relief bill.

One of the concerns was the myth that this tax relief bill somehow trades debt reduction for tax cuts. The fact is, the budget and the tax relief bill we passed will reduce public debt by 60 percent and achieve over \$200 billion more in public debt reduction than the President's plan over the next 10 years. It is not a matter of either/or. It is not a matter of whether you are going to have debt reduction or we are going to have tax relief. We can and should have both.

Another one of the myths people are concerned about, and understandably concerned, is that somehow, if you pass a meaningful tax relief bill, as we did, it is going to erode and eat into the Social Security surplus. In fact, that is nothing but a myth. We would lockbox Social Security. We would not touch any of the Social Security surpluses, and we shouldn't. We should not perpetrate the wrong that has been done

by previous Congresses by dipping in and using those revenues which are designated and should be designated for Social Security only.

Then there is, perhaps, one of the greatest myths of all; that is, the tax relief bill will primarily benefit the wealthy. This tax relief package would provide broad-based tax relief. It cuts every bracket 1 percent. That is not much. But it cuts across the board of tax brackets by 1 percent. It doesn't take somebody trained in math to figure out that if you are in the 15-percent tax bracket and you lower it from 15 to 14 percent, it is a much bigger personal tax cut than for somebody who is in a lower tax bracket who also sees only a 1-percent reduction in taxes.

The fact is that this tax relief package benefits low-income earners in the lowest tax bracket more than any other taxable group. We not only lower the rate, we expand the bracket to include yet more hard-working Americans.

In a State such as Arkansas, where we have one of the lowest per capita incomes, lowering the tax by even 1 percent for the lowest tax bracket has a significant benefit for hard-working Arkansans and hard-working Americans.

One of the other myths I heard while I was traveling across Arkansas was that there was concern that somehow these surpluses might not become reality. Conservative Arkansans who look at the Congressional Budget Office projections a decade out, I think, are right to say: What happens if, in fact, the surpluses don't become reality? Are you going to give all of this back in tax cuts? And are we going to go back up in deficit spending?

I was glad to be able to report that there was an important provision including a trigger—maybe it is better to call it a safety valve—that ensures that if the surpluses do not become reality, the tax cuts don't kick in. They don't become reality either. That, I think, is the ultimate fallback to ensure that we don't return to the big spending, red-ink, deficit spending ways of the past.

The bottom line is that in Arkansas 683,741 people would have tax reductions under this bill. That is, 750 million Americans would see their tax bills reduced. It is not something targeted for the wealthy, but it is something that would benefit every tax-paying American.

Opponents of tax relief insist that money must be left on the table in the name of debt reduction. The reality is that if you leave it on the table in Washington, it will be spent.

Therein is the great divide philosophically between those who believe the American people can better decide and determine how they ought to spend what they have earned and what they have worked for than people in Washington, DC—Government officials and bureaucrats in Washington. For those

who believe we have to keep that money up here because we have to reserve it on the table for more spending programs because, truly, wisdom is found here inside the beltway, we reject that. I reject that.

I ask my colleagues to request of the President his reconsideration of what is desperately needed for the American people—lowering that tax burden from 21 percent to 20 percent. There is nothing too dramatic nor too drastic about it, but it is a small step in providing the American people the tax relief they deserve and they desire.

I thank the Chair.

I thank Senator THOMAS for providing this time and this opportunity to discuss what we have done in the area of tax relief.

I yield the floor.

Mr. THOMAS. Mr. President, I think the Senator from Arkansas stated very clearly the strong feeling that I have received from folks in Wyoming. As I went around as well, when I first talked about tax relief, people kind of rolled their eyes. But when you start talking about the specifics of it—estate taxes and marriage penalty taxes—when you talk about the kinds of things that are there to encourage retirement funding and educational funding, you really get a great deal more interest in it.

I think the Senator pointed out clearly the real philosophical difference. If the money is here, it will be spent for increased government and increased programs rather than going back to the people who really own the money.

I thank the Senator.

PRIVILEGE OF THE FLOOR

Mr. THOMAS. Mr. President, I ask unanimous consent that privilege of the floor be granted to David Stewart, an intern in my office, during the course of morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Mr. President, I yield to the Senator from Iowa 10 minutes.

The PRESIDING OFFICER. The distinguished Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I thank the Senator from Wyoming for yielding.

Even though I am not going to speak on the issue of taxes, I just heard the remarks by the Senator from Arkansas. Obviously, voting for that bill was difficult. I agree with the statements and plead with the President to sign the bill and give the people back some of the money or let them keep the money rather than running it through Washington. We are overtaxing the people at the highest level of taxation in the history of our country.

NURSING HOME INDUSTRY

Mr. GRASSLEY. Mr. President, I chair the Committee on Aging. We